RAJYA SABHA

Thursday, *the 24th March,* 1988/4 *lhaitra,* 1910 (Saka)

The House met at eleven of the Jlock, Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Sale of Electronic Products

*421. DR. G. VIJAYA MOHAN REDDY; Will the PRIME MINISTER be pleased to state;

• (a) what are the details of the recent agreement between Government and ET&T (USA) company for sale of the electronic products manufactured in India;

(b) what is the import bill for the components; and

(c) the steps taken by Govern ment to achieve self-sufficiency on this important sector?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS, AND SPACE (SHRI K. R. NARAYANAN): (a) to (c) A Statement is laid on the Table of Rajya Sabha.

Statement

(a) There is no such agreement. BT&T which is a public sector cor poration, has a branch office in the USA which has proposed to set up a stock and sale organisation for facilitating the export of electronic goods manufactured in India.

(b) The estimated value of elec tronic components imported for dom estically produced electronic equip ment during 1987 was approximately 400 crores C. I. F.

re 1985, the Government t the following steps to f- sufficiency in the neld lic components:

ctronic Component ln-as been delicensed.

(11) Foreign collaboration has been allowed liberally.

(iii) Electronic Component industry has been exempted from clearance under Section 22A of the MRTP Act.

(iv) The import duty for the inputs for the manufacture of electronic components has been substantially reduced.

(v) Import duty on tools, dies and moulds required by the. in dustry has been reduced to 30 per cent.

(vi) A large number of capital goods allowed to be imported on OGL.

(vii) Import of plant & equipment for project imports alloted at concessional import duty of 30 per cent and for modernisation/ balancing at 60 per cent.

(viii) The electronics industry has been included in Schedule EC of the Income Tax Act thereby providing certain tax benefits.

DR. G. VIJAYA MOHAN REDDY; I would like to know from the hon. Minister what is the import bill despite our attempts towards self-sufficiency.

SHRI K R. NARAYANAN: The import bill for components is about Rr: 400 crores CTF.

DR. G. VIJAYA MOHAN REDDY: Is there any possibility of export of any of these items? I would also like to know what is the import content.

SHRI K. R. NARAYANAN: Ther© is possibility of export of such items. We are already exuorting electronic goods generally worth about Rs. 260 crores and about RG. 70 crores worth of software. The import content is about 35 per cent for components.

SHRI VISHWA BANDHU GUPTA: I would like to know from the hon. Minister whether any study has been

made by his department to see how, Korea, for example, is able to manufacture and export the componente at a much cheaper rate and also have a very high productivity. Sir, as far as the infrastructure is concerned, it is available in our country. Manpower is available. Perhaps, the methodology which we are using for increasing productivity is not the right one. I would like to know whether any study has *been* undertaken to find this out and, if not, whether the lion. Minister would undertake such a study to increase productivity.

SHRI K. R. NARAYANAN; We have very closely rtudied the Korean example. Some of it can be used in our country, but net all of it because of the different context we have here. Since 1980, we have followed a deliberate computer policy which has been made even more liberal after 1985. This is in regard to import of special components for the manufacture of electronic goods. In addition to this, various other incentives have been given lik$_e$ liberalisation of duty, reduction of duty for the promotion of electronic goods generally and specially in regard to components which play a very important part in this. The hon. Member mentioned about the infrastructure we have. We certainly have the manpower, but some of it i$_s$ yet to be trained for the specific purpose, which we are doing at the moment. Managerial and other methodologies are also being adopted for stepping up productivity in this sector.

SHRI SANTOSH BAGRODIA; In the electronics sector, it is being noticed that most export-oriented industries die even before they reach full production because the foreign collaborators refuse to buy our products due to more development in regard to similarproducts abroad or due to some other reasons. What steps Government propose to take to avoid this situation which is resulting in a huge kss of our resources and continuing litigation between the Government and the entrepreneur.

SHRI K. R. NARAYANAN: Well, the Government is extending all possible encouragement and aau-tance to electronic industry. I do not agree fully that our goods flad it difficult to get export outlet. In fact, we have increased our exports during the last one year considerably. For example, software export we have increased from Rs. 40 crores to Rs. 70—75 crores. Therefore, there is increase in the demand of Indian electronic products. All that we have to do is to give even more incentives and also invest sufficient capital for these industriea to come up. We have also got export processing zones from which there is a considerable amount of export of electronic goods abroad.

SHRI ANAND SHARMA; Sir, it is really heartening to learn from the Minister that the Government is providing all support to the electronic industry. But in view of the difficult balance of trade position, the fact that Rs. 400 crores in foreign exchange have to be spent for the import of electronic components, I feel it is very important that the area^ of imports are specified and limited. Th$_e$ words 'liberal imports' are something, which is causing worry. I$_n$ order to avoid unscrupulous importers to misuse this policy, I would like to know whether the areas for the items or the components have been specified, if $_B$o, the details thereof. Part (b) of my question is whether the policy of attaining self-sufficiency is also linked with self-reliance. If so, I would like to know the details of the In-centives and the R&D in this field.

SHRI K. R. NARAYANAN; This is a very large question, but...

MR. CHAIRMAN: You give a short reply.

SHRl K. R. NARAYANAN; I would like t$_0$, tell the hon. Member

that our objective is to become self-sufficient, but you cannot get self-sufficiency in a field like electronic industry. We, however, propose to reduce our import content. For example, for components we propose to bring down the import content from 35 per cent to 20 per cent by 1989-90.

As far as liberalisation is concerned, it is liberalisation of all those items which we have assessed to be directly relevant for the production of electronic goods in the country.

SHRI JAGESH DESAI: Mr. Chairman, Sir, some of the components are imported for the purpose of assemblage only. I would like to know from the hon. Minister, that instead of purchasing components if we purchased equipment for manufacture of those components, whether the Government has made a study to what extent we can save foreign exchange and also generate more employment by this method.

SHRI K. R. NARAYANAN: Actually, electronic industry is primarily a components industry. If you take T. V. manufacture, we have gone into the production indigenously for the components that go into the assemblage of a T. V., like black and white as well as colour T. V. tubes which have been under production. We have sanctioned some major schemes. We are also considering setting up of plants for production of glass shells and various other things in th semi-conductor industry, in the instrumentation industry, in telephone, telecommunication, in aU these fields. We have set up very big projects for indigenous production of equipment.

Appointment of successful candidates in the Civil Services Examination

*422. SHRI K. MOHANAN;

SHRl NIRMAL CHATTERJEE: ! Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that over 300 candidates who had qualified in the Civil Services examination of 1986, and had appeared in the 1987 examination, had been informed by Government that their appointments would take effect only in the next year; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM i. (a) and (b) No, Sir. It is, however, true that candidates selected for the Indian Income Tax Service were earlier erroneously informed by the Department of Revenue about the commencement of their probationary training but this error has since been corrected and they were required to join probationary training along with their batch mates.

SHRI NIRMAL OHATTERJEB: Sir, exactly as there is aspiration among the Ministers in the Union Cabinet to move from Deputy Ministership to State Ministership and to Cabinet Ministership and privately also to the Prime Minister's level, similarly thcse people certainly aspire to move from one position to other. They appear in more than one examination and strangely what is happening is that if they appear for a superior examination, they are asked to wait. Every body knows that while these people are preparing and appearing for the Civil Services Examination, in the meantime very good people are inducted into diffe-

†The question was actually asked . on the floor of House by Shri Nirmal Chatterjee.